

City of Carson City
Agenda Report

Item # 9-1A

Date Submitted: June 4, 2010

Agenda Date Requested: June 17, 2010
Time Requested: Consent Agenda

To: Mayor and Supervisors

From: Public Works Department

Subject Title: Action to adopt Resolution No. _____, a resolution approving and authorizing the Mayor to sign the Water Lease Agreement for Mud Lake between Carson City and Carson Water Subconservancy District. (Ken Arnold)

Staff Summary: Adoption of the Resolution approving this Water Lease Agreement will provide Carson City with up to, but not to exceed 526.25 acre feet of additional surface water, allowing equivalent rest of groundwater resources from October 1 until March 31 of each year for the five year term of this agreement. It has been the past practice of Carson City to lease these water rights as a part of our conjunctive use management plan.

Type of Action Requested: (check one)
☒ Resolution ☐ Ordinance
☐ Formal Action/Motion ☐ Other (Status Report)

Does This Action Require A Business Impact Statement: ☐ Yes ☒ No

Recommended Board Action: I move to adopt Resolution No. _____ a resolution approving and authorizing the Mayor to sign the Water Lease Agreement for Mud Lake between Carson City and Carson Water Subconservancy District.

Explanation of Recommended Board Action:

Currently, Carson City Public Works practices conjunctive use water management, which involves using surface water first, saving groundwater for high demand, peaking and drought periods. This agreement will provide up to but not to exceed 526.25 acre feet of surface water (approximately 171.5 million gallons) of additional water to the community. This agreement is for a five year period beginning October 1, 2010 and ending September 30, 2015. The usage period is specified in the agreement as October 1 through March 31 of each year.

In order to provide additional surface water rights for the conjunctive use program, a lease of Carson River storage rights has been negotiated with the Carson Water Subconservancy District. The subject rights are located in Douglas County and stored in Mud Lake Reservoir. The City, per the Alpine decree, cannot pull from the river during the months of October through March. However, these particular rights will have been stored within the reservoirs during the irrigation season, which allows for their use during the winter months, under conditions which will be stipulated by the State Water Engineer and Federal Water Master.

The lease stipulates that Carson Water Subconservancy District will fund all expenses associated with filing state permits, diversion and delivery of the water. If the Federal

Water Master and State Water Engineer stipulate that a loss of water due to conveyance occurs, the lease requires Carson Water Subconservancy District to take the deduction in water. The City will only pay for what is delivered, as metered at the City's infiltration wells.

The purchase of these water rights will help rest even more groundwater sources over the course of this winter, thereby indirectly assisting the recharging of groundwater supplies. The Mud Lake water rights will be sold to Carson City at \$94.00 per acre foot plus the percentage change in the Consumer Price Index for All Urban Consumers (CPI). The Public Works Department recommends approval of this lease.

Fiscal Impact: Maximum of \$49,467.50 annually plus any CPI increase.

Funding Source: 520-3502 Water Purchase/Lease

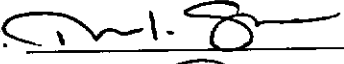
Explanation of Impact: Funding provided in Water Fund

Alternatives: Do Not Approve

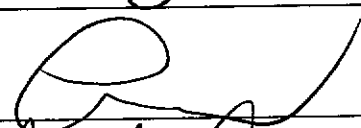
Supporting Material:

1. Water Lease Agreement (Exhibit A)

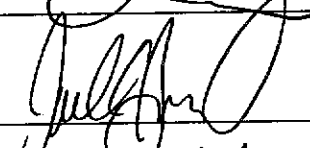
Prepared By: Ken Arnold, Deputy Public Works Director

Reviewed By:  Andrew Burnham

Date: 6/8/10

Concurrences: 

Date: 6/8/10




Date: 6/8/2010

Date: 6/8/2010

Board Action Taken:

Motion: _____	1) _____	Aye/Nay
	2) _____	_____

(Vote Recorded By)

RESOLUTION NO. _____

**RESOLUTION APPROVING THE MUD LAKE WATER LEASE AGREEMENT
BETWEEN CARSON CITY AND THE CARSON WATER SUBCONSERVANCY
DISTRICT**

WHEREAS, any two or more political subdivisions of the State of Nevada may enter into cooperative agreements for the performance of any governmental function, including the exchange of property, pursuant to NRS 277.045; and

WHEREAS, Carson City and the Carson Water Subconservancy are both political subdivisions of the State of Nevada; and

WHEREAS, NRS 277.045 provides that every such agreement must be by formal resolution or ordinance of the governing body of each political subdivision included and must be spread at large upon the minutes, or attached in full thereto as an exhibit, of each governing body; and

WHEREAS, the parties to the Mud Lake Water Lease Agreement, between Carson City and the Carson Water Subconservancy District, desire to adopt and approve such agreement as required by NRS 277.045. A copy of the agreement is attached to this Resolution as Exhibit "A"; and

WHEREAS, NRS 244.281 authorizes the sale of real property to another governmental entity if the sale restricts the use of the real property to a public use and the Board of Supervisors finds that the sale will be in the best interests of Carson City; and

NOW, THEREFORE, BE IT RESOLVED, that the terms and conditions of the Mud Lake Water Lease Agreement, between Carson City and the Carson Water Subconservancy District, are hereby adopted and approved; and

BE IT FURTHER RESOLVED, that the Carson City Board of Supervisors finds that the Mud Lake Water Lease Agreement, between Carson City and the Carson Water Subconservancy District, will be in the best interests of Carson City; and

BE IT FURTHER RESOLVED, that the Mud Lake Water Lease Agreement, between Carson City and the Carson Water Subconservancy District, shall be spread at large upon the minutes or attached in full thereto as an exhibit.

Upon motion by Supervisor _____, seconded by Supervisor _____, the foregoing Resolution was passed and adopted this _____ day of _____, 2010 by the following vote:

Mud Lake Resolution continued;

AYES: _____ NAYS: _____

ABSENT: _____ ABSTAIN: _____

Robert L. Crowell, Mayor
Carson City, Nevada

ATTEST:

Alan Glover, Clerk
Carson City, Nevada

CARSON WATER SUBCONSERVANCY DISTRICT

777 East William Street, Suite 110A

Carson City, NV 89701

775/887-7450, fax 775/887-7457

May 20, 2010

Ken Arnold
Utilities Operations Manager
3505 Butti Way
Carson City, NV 89701

Re: Mud Lake Water Lease Agreement

Dear Mr. Arnold:

At our May 19, 2010, Board meeting the CWSD Board of Directors unanimously approved the Mud Lake Water Lease Agreement between CWSD and Carson City. I am enclosing two original contracts for Robert Crowell's and Alan Glover's signatures. Once signed, please keep a copy for your files and return the other for our records.

If you have any questions, please feel free call me.

Sincerely,



Toni Leffler
Administrative Assistant

Enclosures

WATER LEASE AGREEMENT

This Water Lease Agreement is entered into between the CARSON WATER SUBCONSERVANCY DISTRICT, a political subdivision of the State of Nevada, by and through its duly constituted Board of Directors (hereinafter "CWSD") and CARSON CITY, a political subdivision of the State of Nevada, by and through its duly constituted Board of Supervisors (hereinafter "CITY").

WITNESSETH:

WHEREAS, CWSD holds title to 526.25 acre feet of water rights, including storage rights in Mud Lake Reservoir;

WHEREAS, CITY desires to lease CWSD water for the next five (5) years for use within the boundaries of CITY for municipal purposes; and

WHEREAS, CWSD has made or will make any necessary application(s) to the State Engineer for permission to use CWSD water rights for the purposes contemplated under this Agreement.

THEREFORE, in consideration of the mutual undertakings and for other good and valuable consideration, the parties agree and contract as follows:

1. Terms of Agreement/Cost of Water

The term of this Agreement shall commence on the date both parties have executed the Agreement and shall continue through September 30, 2015. CITY agrees to lease and use up to but not to exceed 526.25 acre feet of CWSD water, less any loss imposed by the State Engineer, subject to the requirements of Nevada water law, during the five year term. CITY shall use the water during this term in accordance with the terms of the Final Decree in the case entitled *United*

States v. Alpine Land & Reservoir Company, Civil No. D-183 BRT, United States District Court, District of Nevada (hereinafter "Alpine Decree").

If CITY does not intend to utilize all the Mud Lake water in any given year, CITY shall notify CWSD before the beginning of the next irrigation season, whereupon CWSD may lease the remaining unused water to another entity.

For the water delivery season beginning October 1, 2010, the CITY shall pay CWSD \$94.00 per acre foot for the use of said water as metered at CITY's point of re-diversion. For each water delivery season thereafter, CITY agrees to increase the price per foot of water paid to CWSD each year. The rate of increase shall be determined by and equal to the percentage change in the Consumer Price Index for All Urban Consumers (CPI) - All Items (1982-1984 = 100), as published by the Bureau of Labor Statistics, Washington, D.C., commencing with the index for the twelve month period ending September 30, 2010, as the baseline and using the annual percentage change above the baseline each year thereafter. Such an increase will be applicable every year.

As used in this Agreement, the term (water delivery season" means the period beginning October 1 and ending March 31 of the following year. The calculation of the water used by City shall not include any loss of water determined by the State Engineer or the Federal Water Master, due to conveyance from Mud Lake Reservoir or any other CWSD storage facilities to CITY's point of re-diversion. Unless otherwise agreed to by both parties, CITY shall make to CWSD yearly payments in arrears by the 15th of June based on the metered usage during the previous water delivery season.

2. Costs of Diversion and Delivery of Water

CWSD shall bear the costs of delivery of the water to CITY's point of re-diversion, including the costs of any required approvals by the State Engineer, operation and maintenance of

upstream storage facilities, and payment of water fees to the Federal Water Master. CITY shall bear the costs associated with pumping the water from the Carson River, measuring devices, pipelines and other transporting devices. CWSD and CITY shall coordinate the delivery of water.

3. Different Source of Water

CITY agrees that CWSD in its sole discretion may deliver a like amount of water from a source or sources other than Mud Lake Reservoir so long as the timing of the water delivery is mutually acceptable.

4. Treatment

CITY shall be responsible for the treatment of all water for municipal purposes, including water leased from CWSD, to applicable local, state and federal standards.

5. Hold Harmless

CITY agrees to indemnify and hold CWSD harmless for any claims or actions including damages, costs and attorneys fees concerning the use of this water by CITY as specified in this Agreement.

6. Successors and Assigns

This Agreement shall bind all successors in interest and assigns of CWSD and CITY.

7. General Provisions

The officials executing this Agreement hereby warrant and guarantee that they have the authority to act for and bind the respective organizations which they represent; all notices required by this Agreement shall be in writing, must be sent to the addresses provided herein and are deemed effective upon placement in the United States Mail, postage prepaid; this Agreement constitutes the entire agreement between the parties; this Agreement shall be enforced and construed according to the laws of the State of Nevada; the prevailing party to any dispute

involving this Agreement is entitled to an award of reasonable attorneys fees and costs; any modification of this Agreement must be made by a writing signed by both parties; portions of this Agreement which are held invalid are severable from the rest of the Agreement; this Agreement may be recorded in the office of the Carson City Recorder and the Douglas County Recorder; the preamble and recitals are hereby made a part of this Agreement; and this Agreement may be executed in any number of counterparts, each of which is deemed an original but together which constitutes but one and the same agreement.

8. Continuing Appropriation

Pursuant to NRS 244.320, the Board of Supervisors of CITY has no authority to bind CITY to a contract beyond the terms of the Supervisors in office at the time of the contract approval. If a future Board of Supervisors of CITY does not appropriate money for this Agreement, CITY is no longer bound by this Agreement.

For notice purposes, the addresses of each party are as follows:

CARSON WATER
SUBCONSERVANCY DISTRICT
Attn.: Edwin James
General Manager
777 E. William St., #110A
Carson City, NV 89701
775/887-7450

CARSON CITY

Attn.: Ken Arnold
Deputy Public Works Director
3505 Butti Way
Carson City, NV 89701
775/887-2355 x-30357

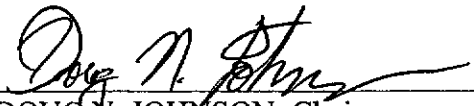
9. Termination of Agreement

Unless otherwise agreed to by both parties in writing, this Agreement shall be terminated only if the State of Nevada or a court of competent jurisdiction prevents the delivery of the surface water that is the subject of this Agreement to CITY's point of re-diversion or if the Federal Water

Master prevents the use of the subject water in which case CWSD and CITY are relieved from performance under this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement.

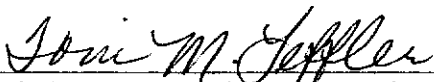
CARSON WATER
SUBCONSERVANCY DISTRICT



DOUG N. JOHNSON, Chairman

Dated: 5/19/10

ATTEST:

By: 

TONI LEFFLER, Secretary to the Board

Dated: 5/19/10

CARSON CITY

ROBERT L. CROWELL, Mayor

Dated: _____

ATTEST:

By: _____
ALAN GLOVER, Clerk-Recorder

Dated: _____